

U.S. Environmental Protection Agency, Region 10



Program Evaluation Report

Idaho Clean Water State Revolving Fund

State Fiscal Year 2000-2001

May 2003



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 10
1200 Sixth Avenue
Seattle, WA 98101

June 2, 2003

Reply To
Attn Of: ECO-086

Steve Allred, Director
Department of Environmental Quality
1410 North Hilton
Boise, ID 83706

Dear Mr. Allred:

The US Environmental Protection Agency (US EPA) has completed the 2000-2001 annual review of Idaho's Clean Water State Revolving Fund (CWSRF) as required by section 606(e) of the Clean Water Act. I have enclosed the 2000-2001 Program Evaluation Report of the Department of Environmental Quality's CWSRF program which has been prepared by my staff for Idaho's CWSRF program. The annual review confirmed our long-held belief that the Idaho CWSRF program is well managed and forward looking.

We wish to compliment you and your staff on your work over the past few years. Our review has shown Idaho's CWSRF to be free of major problems and progressing satisfactorily. We hope that the Department will be able to continue the quality program that it has been developing for several years.

The report notes several CWSRF strengths. I would particularly like to call one of these to your attention. As you may be aware from previous US EPA reviews of the Idaho CWSRF program, US EPA has encouraged the state to apply CWSRF resources to nonpoint sources of pollution. Nonpoint pollution continues to cause violations of water quality standards in Idaho stream segments where point source controls are already in place. During the period covered with this report, DEQ submitted legislation expanding the use of the CWSRF to the legislature, put together an excellent advisory panel to participate in a negotiated rule-making to implement the new legislation, developed new implementation guidance, and a new solicitation process. We would like to commend your staff for a job well done!

We appreciate the time that your staff, particularly Mr. Dave Mabe, Mr. William Jerrel and Mr. William Hart, spent in assisting us during our review. If you have questions regarding the enclosed report, please call me at (206) 553-1272, or contact Michelle Tucker at (206) 553-1414. We look forward to continuing to work with you in your efforts to manage the CWSRF program to protect and improve water quality in the State of Idaho.

Sincerely,

Michelle Pirzadeh, Acting Director
Office of Ecosystems and Communities

Enclosure

cc: Dave Mabe, DEQ-CS
Bill Jerrel, DEQ-CS
Dave Sande, DEQ-MS
Bill Hart, DEQ-MS

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Executive Summary

On June 30, 2001, the Idaho Clean Water State Revolving Fund (CWSRF) assistance portfolio consisted of 52 loans with a balance (including deobligations) of \$119,453,876. All CWSRF assistance thus far has been used for construction of wastewater treatment projects, of which 38 have completed construction and initiated operations. As of the end of state fiscal year (SFY) 2001, approximately \$57 million in principal repayments, interest payments, and fund interest was available to support new project activity.

The CWSRF program's principal strengths include:

- An experienced and competent staff in both the Department of Environmental Quality's (DEQ) central office and its regional offices is carrying out the program. Through the negotiated rule-making process that took place during SFY01, the staff demonstrated that they are adept at working with a wide variety of interested organizations and people to expand the program and improve the ability of the program to contribute to meeting the State's water quality objectives and needs.
- State CWSRF staff continue to document the Minority Business Enterprise (MBE)/Women's Business Enterprise (WBE) six affirmative steps taken by the State and its borrowers, including the most comprehensive documentation of such compliance within the U.S. Environmental Protection Agency's (EPA), Region X.
- The program has the most documented, complete, and detailed bid review process in Region X.
- The program continues to use effective loan portfolio management practices to minimize the potential for borrowers to default on their loans.

The Environmental Protection Agency's (EPA) review also found four subjects where additional action by the Idaho Department of Environmental Quality (DEQ) would be appropriate:

1. Due to the Supreme Court's decision in Adarand Constructors, Inc. vs Pena, 115 S CT 2097 (1995), revised guidance from EPA's Small, Minority, and Women's Business Enterprises was issued requiring assessments of the availability of qualified MBE/WBE firms in its relevant geographical market. As a result, the negotiated goals of the program have been significantly reduced and disaggregated into construction, supplies, services, and equipment sectors for all capitalization grants since 1999. Quarterly MBE/WBE reports submitted to EPA must show the procurement activity in the construction, supplies, services, and/or equipment categories as well as between MBE and WBE. Until that is done EPA is unable to ascertain which MBE and WBE goals Idaho may have met, if any, for the fiscal year.
2. Through SFY01 Idaho had used approximately 93% of the funds available to support the costs of administering the CWSRF. Given current usage rates, the program will fully deplete the 4% administrative allowance used to run the program within a few years. Additionally, current plans still anticipate that federal capitalization grants will end sometime during the next several years. EPA recommends that DEQ determine how

administrative costs of the fund will be financed once the 4% administrative allowance is gone, either through full usage or the end of federal capitalization grants.

3. As of June 30, 2001, the CWSRF had \$34,463,348 in unobligated funds with the State Treasury office. In order for the CWSRF to truly revolve as intended, these funds must be obligated to projects rather than earning interest with the State Treasury. Idaho's next Intended Use Plan for the CWSRF should either show how these funds have already been obligated, or contain a plan for committing this large accrued cash reserve
4. The Operating Agreement negotiated between IDEQ and EPA has been in place since 1989. During SFY00-01 changes were made to the responsible entity's name, program's enabling legislation, and rules governing eligibility, definitions, and priority ranking structure. The Operating Agreement between EPA and DEQ should be updated to reflect these changes.

Introduction

This Program Evaluation Report (PER) summarizes the results of annual performance reviews of the Idaho Clean Water State Revolving Fund (CWSRF) conducted by the U.S. Environmental Protection Agency (EPA), Region 10 for State Fiscal Years 2000 and 2001 (SFY00-01). The review is based on several critical elements:

1. The SFY00 Annual Report submitted by the Idaho Division of Environmental Quality for the fiscal year ending June 30, 2000;
2. The SFY01 Annual Report submitted by the Idaho Department of Environmental Quality (DEQ) for the fiscal year ending June 30, 2001;
3. The Clean Water State Revolving Fund Intended Use Plans (IUP) for SFY00 and SFY01 for the Idaho Clean Water State Revolving Fund;
4. The financial audits of the Idaho Clean Water State Revolving Fund for SFY00 and SFY01;
5. The SFY99 Performance Evaluation Report (PER) sent to Idaho DEQ on September 25, 2000;
6. An EPA review of Idaho CWSRF related documents in the EPA grant files maintained by the EPA Regional Office and of data maintained in EPA's National Information Management System (NIMS) with the assistance of the states;
7. A review by DEQ staff of the draft of this report;
8. On-site reviews (the Program Evaluation Visit [PEV]) held from October 17–19, 2000 and January 14-17, 2002 during which the EPA staff reviewed and discussed program issues with the staff of DEQ and reviewed DEQ files for a few of the loans in the portfolio of Idaho's CWSRF.

Scope of the Review

The annual review examined the performance of the Idaho Clean Water State Revolving Fund during State Fiscal Years 2000 and 2001. We reviewed the legal, managerial, technical, financial, and operational capabilities and performances of the program. We paid specific attention to DEQ's compliance with the terms of the Operating Agreement, grant conditions, certifications and assurances, adherence to specific proposals and progress towards stated goals and objectives. We also focused on the pace of the program, Intended Use Plan development,

future administration of the program, the efforts of the program to make loans for nonpoint source water quality projects, and file reviews of the Coeur d'Alene, Dietrich, Driggs, Hayden, Kuna, and Rexburg project files.

Idaho DEQ Program Summary

The State of Idaho received its initial capitalization grant on August 24, 1989 and its thirteenth and most recent grant on September 7, 2000 for \$6,555,200. Through June 30, 2001, the CWSRF has received a total of \$83,051,515 in federal grants. The program funding through the period is summarized as follows:¹

Table 1: Program Summary

TABLE 1: PROGRAM SUMMARY					
Grant ID No.	Amount	Cash Draws	Availability	Match	Total Capital
CS-160001-89	\$4,577,200	\$4,577,200	\$0	\$915,440	\$5,492,640
CS-160001-90	\$4,738,000	\$4,738,000	\$0	\$947,600	\$5,685,600
CS-160001-91	\$10,343,215	\$10,343,215	\$0	\$2,068,643	\$12,411,858
CS-160001-92	\$9,534,900	\$9,534,900	\$0	\$1,906,980	\$11,441,880
CS-160001-93	\$9,431,000	\$9,431,000	\$0	\$1,886,200	\$11,317,200
CS-160001-94	\$5,813,800	\$5,813,800	\$0	\$1,162,760	\$6,976,560
CS-160001-95	\$6,007,800	\$6,007,800	\$0	\$1,201,560	\$7,209,360
CS-160001-96	\$6,318,400	\$6,318,400	\$0	\$1,263,680	\$7,582,080
CS-160001-97	\$6,576,800	\$6,576,800	\$0	\$1,315,360	\$7,892,160
CS-160001-98	\$6,577,300	\$6,577,300	\$0	\$1,315,460	\$7,892,760
CS-160001-99	\$6,577,900	\$6,571,208	\$6,692	\$1,315,580	\$7,893,480
CS-160001-00	\$6,555,200	\$356,528	\$6,198,672	\$1,311,040	\$7,866,240
TOTALS	\$83,051,515	\$76,846,151	\$6,205,364	\$16,610,303	\$99,661,818

The Idaho CWSRF operates as a direct loan program. As of the end of SFY00, it had made binding commitments totaling \$106,212,196 for 47 projects. During SFY01, it made binding commitments totaling \$13,241,680 for five new projects and an increase to an existing project. The entire \$119,453,876 has been committed to Clean Water Act §212 projects such as wastewater treatment projects and collection systems. Of these 52 projects, 38 with a value of over \$72 million have completed construction and initiated operations as of the end of SFY01. Ten additional projects were under construction as of the end of SFY01. The remaining four projects had not started construction as of the end of SFY01.

Loans are currently provided with maturities of up to twenty years at a 4% interest rate. Twenty-six such loans exist with another 26 loans having an interest rate of 4.5%. The loan rate for the first two years of the program was set at 4% as an enticement to communities to use the CWSRF. For the next seven years the rate was 4.5% and is reevaluated on an annual basis. The rate was reduced to 4% in October 1998 and has remained there since.

The costs of administering the CWSRF are paid for with money drawn from the Fund. The Clean Water Act allows states to use money from the Fund up to an amount equal to 4% of the cumulative EPA capitalization grant awards. Through the end of SFY00, Idaho had used

¹ Source: National Information Management System (NIMS) Data, Information Finance Management System (IFMS) Database, Individual Grant Files

\$2,772,111² or 3.6% of the total EPA capitalization grants to date. During SFY01 Idaho received another capitalization grant, making available another \$262,208 for administrative costs. However, during the same fiscal year, DEQ used \$322,621³ to administer the program. While this only equates to 3.7% of the cumulative capitalization grant awards it had received (well within the 4% allowable range), it shows that the program currently costs more to administer than the 4% of new funds received yearly from capitalization grants. Idaho does not assess any loan origination or servicing fees on CWSRF loans. If the cost of administering the program continues to exceed 4% of the new capitalization grants, the Idaho CWSRF will either need to start assessing fees or the Idaho legislature will have to appropriate additional funds in order to continue to administer the CWSRF.

The grantee for SFY00 was the Idaho Division of Environmental Quality. As of July 1, 2000, the Division of Environmental Quality has become the Department of Environmental Quality. The grantee for SFY01 was, therefore, the Idaho Department of Environmental Quality. Under Idaho Code, the State's 20 percent match is perpetually appropriated from the Water Pollution Control Account. The State deposits cash match into the CWSRF when actual cash draws from the EPA are made.

SFY99 PER Update

Based upon our review, in the SFY99 PER we recommended the following improvements to the CWSRF:

1. *The Idaho CWSRF may now be understaffed, given that the same central office staff (the loan program manager and the program accountant) is servicing both the CWSRF and the new Drinking Water State Revolving Fund. EPA requests that DEQ complete a staffing analysis to determine what staff is necessary to effectively implement the two revolving fund programs. We have attached, as Attachment III, an outline of the functions that we believe are essential components of an effectively managed revolving fund program to serve as a guide for the requested analysis. As per the DEQ and EPA verbal agreement, we expect to receive this analysis by October 13, 2000.*

On November 22, 2000, EPA received tables indicating the actual amount of FTE spent on CWSRF and DWSRF projects for SFY00 and the predicted amount of FTE to be spent on CWSRF and DWSRF projects for SFY01. While this was a useful summary and EPA appreciated the time and effort it took to put together, it was hoped that the staffing analysis would examine the minimum level of staffing necessary to effectively carry out the essential duties of running the CWSRF in a responsible and effective manner. EPA and DEQ spoke of this issue and decided that it was beyond DEQ's current capability to determine such an analysis. However, EPA contract dollars have been spent to assess the minimum staffing requirements for Hawaii, a direct-loan state which receives similar-sized yearly capitalization grants. DEQ staff is interested in obtaining, and possibly using, this analysis once it has been complete.

² Source: NIMS Data

³ Source: NIMS Data

2. *The state appears to be using most of the funds available for administering the CWSRF (4% of the federal capitalization grants, cumulatively). Current plans still anticipate that federal capitalization grants will end within the next several years. EPA recommends that DEQ determine how administrative costs of the fund will be financed once federal capitalization grants end.*

The Idaho CWSRF still does not assess any fees on loans and has not established an administrative reserve. This is of concern to EPA as the CWSRF had, through the end of SFY01, used approximately 93% of its available capitalization grant administrative allowance and the program currently costs more to administer annually than the 4% infusion of dollars from new capitalization grants. With the CWSRF's current administrative usage rate, EPA believes the program will reach the 4% administrative ceiling within the next few years. When that occurs, the CWSRF will no longer have enough money to run the program and additional administrative money will have to be authorized by the Idaho legislature or be earned through fees assessed outside the program. It is still EPA's recommendation that the Idaho CWSRF determine how administrative costs of the fund will be financed once the federal 4% administrative ceiling is reached and/or once federal capitalization grants end.

3. *Idaho CWSRF has maintained a 4% interest rate for eight of the past ten years, and a 4.5% rate during the other two years. While maintaining a constant interest rate has provided the borrowing community with stability, it does not appear to have had any ties to market fluctuations which control supply and demand. EPA recommends that DEQ change its method of setting interest rates from a controlled approach to a market based approach. One way is to tie the CWSRF interest rate to the bond buyer's index. EPA would be willing to research how other states are tying CWSRF interest rates to market rates so that we may provide DEQ with other concrete examples.*

State Fiscal Year 2001 was the last year that the CWSRF used a flat 4% rate. During SFY01 significant program changes were made, including changing the basis of the interest rate charged for projects. Beginning with the SFY02 IUP, the interest rate charged to all borrowers (except the Idaho Conservation Commission) was 75% of the Bond Buyer's Index. An exception was made for the Idaho Conservation Commission as it is to act as a pass-through entity, providing nonpoint source agricultural loans to different projects and borrowers all over the state and will therefore be charged a flat 2% rate.

4. *The State has modified the CWSRF enacting legislation, making it possible to fund nonpoint source pollution abatement projects. Extensive guidance and a new solicitation process must still be developed in order to implement this programmatic change. EPA hopes to see Idaho's first nonpoint source abatement project on the FY2002 IUP.*

During SFY2000 DEQ worked with the legislature to modify the CWSRF enacting legislation. During SFY01 a negotiated rule making with relevant parties, including the Idaho Conservation Commission, Idaho Rural Water, USDA's Rural Development, Idaho's Nonpoint Source Program Coordinator, Environmental Finance Center, City of Boise, etc. occurred to redesign the

CWSRF program. These changes didn't go into effect until too late in the FY02 IUP process and were therefore unable to be used. However, the new eligibility and priority ranking system will be used for FY03 IUP. We commend DEQ on its effort! Extensive guidance and a new solicitation process must still be developed in order to implement these programmatic changes. EPA hopes DEQ continues moving forward towards implementing these changes and that Idaho's first nonpoint source abatement project will be listed on the FY2003 IUP.

Review of Financial Management Practices

The Clean Water Act, the CWSRF program regulations at 40 C.F.R. 35.3100 et. seq. and the Operating Agreement include a series of requirements that speak to how a Clean Water State Revolving Fund program manages the funds that are under its care. This portion of the report discusses how the CWSRF has addressed those requirements.

Acceptance of Grant Payments, 40 CFR 35.3135(a)

For SFY00 and SFY01, the State agreed to accept payments in the increments shown in Table 2 below. This table also shows the quarterly cash draws from the EPA Automated Clearinghouse Payment System (EPA-ACH).⁴

Table 2: Payments

TABLE 2: PAYMENTS				
Federal Period	Grant Payments	Cumulative Grant Payments	Quarterly Cash Draws	Cumulative Cash Draws
4Q FY 99	\$263,116	\$70,181,531	\$3,379,450	\$59,957,736
1Q FY 00	\$6,314,784	\$76,496,315	\$4,469,083	\$64,426,819
2Q FY 00	\$0	\$76,496,315	\$1,423,492	\$65,850,311
3Q FY 00	\$0	\$76,496,315	\$2,564,368	\$68,414,679
Period Totals	\$6,577,900		\$11,836,393	
4Q FY 00	\$262,208	\$76,758,523	\$986,597	\$69,401,276
1Q FY 01	\$6,292,992	\$83,051,515	\$2,206,213	\$71,607,489
2Q FY 01	\$0	\$83,051,515	\$1,638,108	\$73,245,597
3Q FY 01	\$0	\$83,051,515	\$3,729,138	\$76,974,735
Period Totals	\$6,555,200		\$8,560,056	

⁴ SFY01 Idaho CWSRF IUP Payment Schedule, IFMS Database

State Match, 40 CFR 35.3135(b)

In awarding capitalization grants the EPA has relied on State letters of credit that are drawn from the State Water Pollution Control Account (WPCA). Transfers are made from State letters of credit, as the 20% match is required when cash draws are made from the capitalization grants. The WPCA derives its income from four different taxes. During SFY00, they were a flat \$4.8 million from Sales Tax, 4.3% of the Cigarette Tax, 87.6% of Tobacco Tax (cigars, chewing tobacco) and 80% of Estate Tax. Beginning in FY2001, this structure changed and the WPCA is now funded from the Sales Tax by a flat \$4.8 million. The amounts deposited into the WPCA are perpetually appropriated so DEQ need not return to the legislature every year asking to commit funds for the CWSRF match. To date, the State has provided matching funds of \$12,631,238 though more has been appropriated. As of June 30, 2001, State matching contributions were as shown in Table 3 below:⁵

Table 3: State Match Compliance

TABLE 3: STATE MATCH COMPLIANCE						
	Total Federal Payments at 6/30/00	Total Match at 6/30/00	Match %	Total Federal Payments at 6/30/01	Total Match at 6/30/01	Match %
Period Totals	\$76,496,315	\$15,299,262	20%	\$83,051,515.00	\$16,610,302	20%

Binding Commitments, 40 CFR 35.3135(c)

The State is required to issue binding commitments equaling at least 120% of the payments received within one year of the payments. As of June 30, 1999, the State had received a total of \$69,918,415 in payments. The total binding commitments made as of June 30, 2000 (one year later) was \$109,261,321. The ratio of binding commitments to cumulative payments received one year earlier was 156%, which exceeded the statutory threshold of 120%. The State executed new project binding commitments totaling \$13,503,888 during SFY01, bringing the total binding commitments to \$122,765,209 or 167%. Yearly binding commitment totals are shown in Figure 1 and cumulative results are shown in Figure 2.

⁵ Source: SFY01 Idaho CWSRF Annual Report, NIMS Data

Figure 1: Binding Commitments

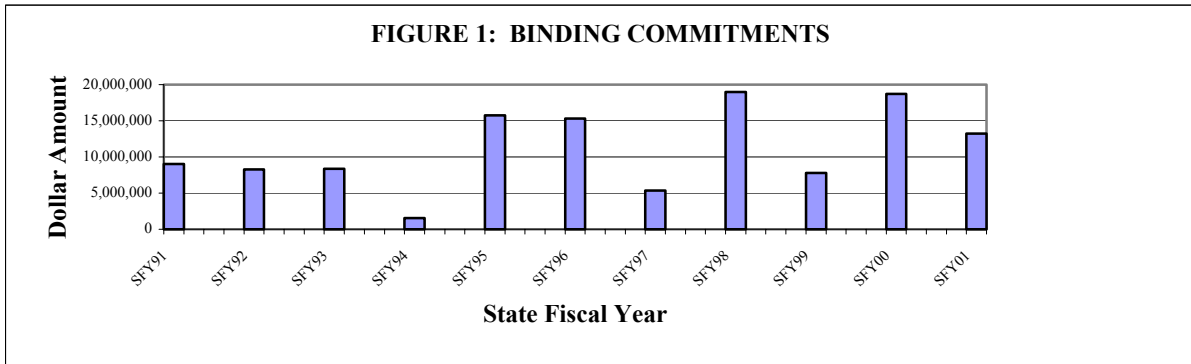
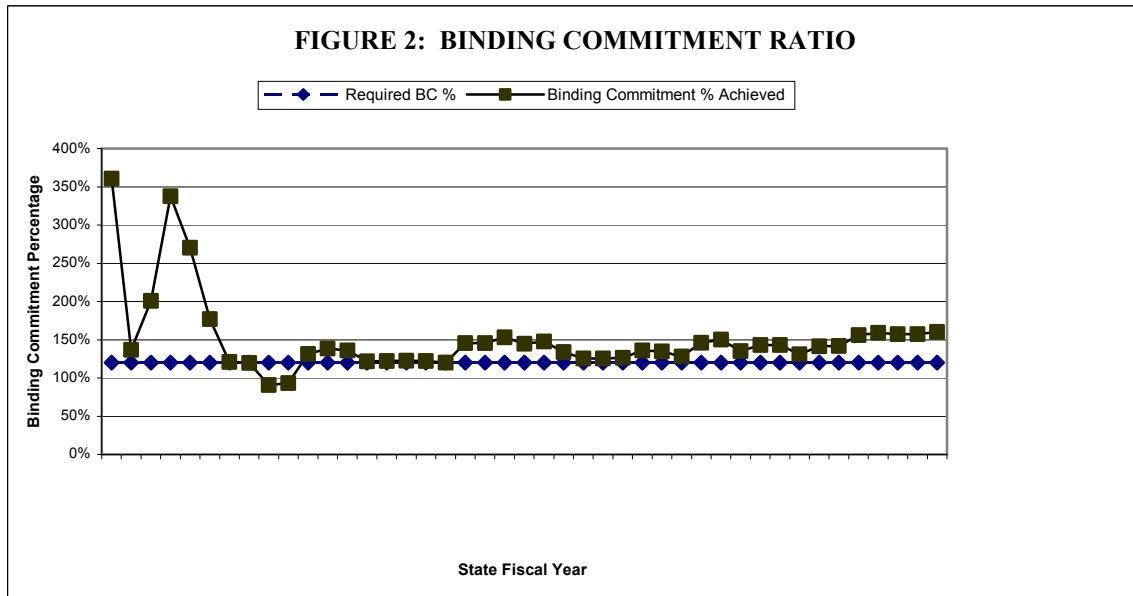


Figure 2: Binding Commitment Ratio



Timely and Expeditious Use of Funds, 40 CFR 35.3135(d)

The Clean Water Act and the CWSRF program regulations require that states use the funds available to their CWSRFs in a timely and expeditious manner. This requirement is aimed at (a) getting projects under construction and completed quickly and (b) ensuring that revenues accruing to the funds (repayments and interest earnings) are committed to new projects within a reasonable period of time. During SFY01, Idaho made cash draws for project and administrative assistance totaling more than \$8.5 million from the EPA-ACH⁶.

⁶ Source: IFMS Database

One manner in which to track EPA-ACH expenditures are as a percentage of capitalization grants awarded. As of June 30, 2001, the CWSRF had approximately \$6.2 million in awarded but undrawn Federal funds. This equates to this program having nearly 93% of capitalization grants awarded. This is a continuation of the positive trend in drawing down the “idle” cash in the ACH.

Another dimension to the timely expenditure of funds requirement is the overall pace of the program, i.e., how fast does a revolving fund commit and expend not only first round funds but second and subsequent rounds as well. As shown in Table 4, through June 30, 2001, the State had received nearly \$57 million in loan principal repayments, loan interest payments, and interest earnings invested in the Idaho Treasury investment pool.⁷ This amount continues to accrue and provide financing beyond what has been provided through capitalization grants. In order for the CWSRF to truly revolve, these funds need to be both committed and disbursed.

Table 4: Cumulative Loan Collections and Interest Earnings

TABLE 4: CUMULATIVE LOAN COLLECTIONS AND INTEREST EARNINGS ON INVESTMENTS AS OF JUNE 30, 2001				
	Principal	Interest (Loans)	Interest (Fund Balance)	Total
Through SFY99	\$ 26,883,554.00	\$ 4,792,213.00	\$ 1,715,197.00	\$ 33,390,964.00
SFY00	\$ 1,493,788.00	\$ 882,587.00	\$ 1,784,347.00	\$ 4,160,722.00
SFY01	\$ 16,197,494.00	\$ 1,136,196.00	\$ 1,918,492.00	\$ 19,252,182.00
Total	\$ 44,574,836.00	\$ 6,810,996.00	\$ 5,418,036.00	\$ 56,803,868.00

The following table is one way of measuring how effectively the CWSRF program is using all available sources of funding. For the past three years the loan issuance ratio has averaged around 80%, which is comparable to the national average during that period. In addition, Table 6 shows the pace of construction as being around 75% over the last three years, which is slightly lower than the national average. Finally, in Table 7, the pace of the total program has averaged 65% for the last three years.⁸

Table 5: Pace of Loan Issuance

TABLE 5: PACE OF LOAN ISSUANCE			
	Through SFY99	Through SFY00	Through SFY01
Total Project Assistance Provided*	\$ 87,759,496	\$ 106,209,496	\$ 119,453,876
Total Project Funds Available**	\$ 114,893,868	\$ 119,997,252	\$ 153,143,624
Pace of Loan Issuance Ratio	76%	89%	78%

*Total Project Assistance Provided: total dollar amount of signed project loans

**Total Project Funds Available: all available funds for project loans; includes Federal grants (minus 4% for administrative costs), state match, repayments, and interest

⁷ Source: NIMS Data

⁸ Source: NIMS Data

Table 6: Pace of Construction

TABLE 6: PACE OF CONSTRUCTION			
	Through SFY99	Through SFY00	Through SFY01
Total Project Disbursements*	\$ 65,614,150	\$ 79,242,699	\$ 90,246,939
Total Project Assistance Provided**	\$ 87,759,496	\$ 106,209,496	\$ 119,453,876
Pace of Construction Ratio	75%	75%	76%

*Total Project Disbursements: total dollar amount of CWSRF funds disbursed (paid out) to loan recipients.

** Total Project Assistance: defined above.

Table 7: Pace of Total Program

TABLE 7: PACE OF TOTAL PROGRAM			
	Through SFY99	Through SFY00	Through SFY01
Total Program Disbursements*	\$ 68,035,543	\$ 82,014,810	\$ 93,341,671
Total Program Funds Available**	\$ 117,293,061	\$ 122,769,363	\$ 156,238,356
Pace of Program	69%	58%	67%

* Total Program Disbursements: all disbursements by the CWSRF, including those made for project loans and for program administration.

** Total Program Funds Available: all available funds; includes Federal grants, state match, repayments, and interest

Rules of Cash Draw, 40 CFR 35.3155(d) & 35.3160

During the Period, the State requested cash draws totaling more than \$8.5 million. The State continues to maintain compliance with the requirement for proportionality, as shown in Table 8 below:⁹

Table 8: Cash Draws

TABLE 8: CASH DRAWS			
	Through SFY00	SFY01	Total
Total Disbursements*	\$ 82,014,810	\$ 11,326,861	\$ 93,341,671
Total Federal Cash Draws**	\$ 68,286,095	\$ 8,560,056	\$ 76,846,151
Federal Cash Draws as a % of Disbursements	83%	76%	82%

*Total Disbursements: disbursements for project loans.

** Total Federal Cash Draws: cash drawn from Federal capitalization grants for project loans and program administration.

Generally Accepted Accounting Principles (GAAP), 40 CFR 35.3135(h)

The Annual Reports submitted by IDEQ include CWSRF financial reports prepared by IDEQ. Individual Entity Audits conducted by the Idaho State Legislative Services Office for SFY00 and SFY01 concluded that the financial statements for that period were materially accurate and reliable, and that Idaho CWSRF fiscal operations comply with related laws and regulations. There were no findings in these audit reports and the auditors issued unqualified opinions. The independent audit demonstrated that for these two years the financial statements were prepared in accordance with GAAP.

⁹ Source: IFMS Database, NIMS Data

Perpetuity, 40 CFR 35.3100(a)

SRF programs are to be designed and operated so that the SRF will continue to provide assistance for water pollution control activities in perpetuity. The financial statements presented with the CWSRF SFY001 Annual Report, supplemental Summary of Clean Water State Revolving Fund Loans, as well as the upcoming Idaho Legislative Services audit of the SFY01 financial statements were analyzed in an effort to assess the CWSRF's financial integrity and its ability to operate in perpetuity. Based on a preliminary analysis of these materials the CWSRF appears to be complying with the perpetuity requirements of the SRF program, i.e., the corpus of capitalization grants and State match funds deposited into the CWSRF continue to be maintained and should be available for future projects.

The primary concern with the performance of the Fund in past years has been the pace of the program. In SFY01 the State entered into \$13 million in binding commitments, for a cumulative commitment total of more than \$119 million. While this more than complies with the binding commitment requirement, at the same time, the additional funds available from loan interest payments, principal repayments, and Fund interest need to be recycled out as new loans.

One possible solution to increasing the program pace is to re-evaluate the interest rates charged for loans. In Table 9, we can see that for the past three years, Idaho has consistently had an interest rate that is higher than other Region 10 SRF programs, and much higher than the national average. In fact, for SFY01, only one other CWSRF program (Iowa) in the country had loan rates that were higher, and only one other CWSRF program (Colorado) had loan rates that were the same. Based on the experience in Idaho's DWSRF program, where the loan rate was reduced recently, program staff reported a surge in interest for borrowing from the program. A reduction in the base rate offered, or offering lower rates for shorter term loans might attract prospective borrowers who had been holding out for grant funding.

During SFY01 significant program changes were made, including changing the basis of the interest rate charged for projects. Beginning with the SFY02 IUP, the interest rate to be charged to all borrowers (except the Idaho Conservation Commission) will be 75% of Bond Buyer's Index. An exception was made for the Idaho Conservation Commission as they are to act as a pass-through entity, providing nonpoint source agricultural loans to different projects and borrowers all over the state and will therefore be charged a flat 2% rate. EPA and DEQ will monitor the progress of these new interest rates to see if they will be sufficient to generate increased interest in the CWSRF.

Table 9: Comparative Interest Rates

TABLE 9: COMPARATIVE INTEREST RATES			
	SFY99	SFY00	SFY01
Alaska	3.5%	3.9%	2.5%
Idaho	4.2%	4.0%	4.0%
Oregon	3.5%	3.8%	3.7%
Washington	4.1%	0.6%	1.2%
Region 10 Average	3.8%	3.1%	2.9%
National Average	2.6%	2.6%	2.4%
Bond Buyer Index	5.1%	5.8%	5.3%

Ratio Analysis

As shown in Table 10 below, the investment yield increased more than a full percentage point from last year's return. As stated previously, management of the CWSRF has little control over earnings rates from investments. It does, of course, control overall earnings to the extent that funds remain in investments (rather than being revolved out as new loans).

Table 10: Investment Yield

Fiscal Year	Investment Earnings	Average Investment Assets	Rate of Return
SFY99	\$ 781,968	\$ 21,140,441	3.70%
SFY00	\$ 1,784,347	\$ 35,385,032	5.04%
SFY01	\$ 1,918,492	\$ 47,297,401	4.06%

Source: SFY99-SFY01 Idaho CWSRF Annual Reports, NIMS data

The loan yield (shown in Table 11 below) decreased considerably from last year. However, the annual increases in construction costs as measured by the Engineering News Record's Construction Cost Index (CCI) were roughly the same as the loan yield. This measure will need to be examined closely during our next review.

Table 11: Loan Yield

TABLE 11: LOAN YIELD				
Fiscal Year	Loan Interest Earnings	Average Loans Outstanding	Rate of Return	CCI
SFY99	\$ 1,454,679	\$ 46,752,804	3.1%	2.1%
SFY00	\$ 1,551,415	\$ 46,696,356	3.3%	2.8%
SFY01	\$ 856,277	\$ 50,189,568	1.7%	1.9%

Source: SFY99-01 Idaho CWSRF Annual Reports, NIMS data, CCI data.

Another method of evaluating management of funds is to look at the rate the Idaho CWSRF generates internal equity. In Table 12 below, we can see that the growth rate for the past three fiscal years has been strong. Any positive value in this ratio indicates that the SRF program is generating capital from ongoing operations, and expanding its capital base from which future loans can be made.

Table 12: Internal Capital Formation

TABLE 12: INTERNAL CAPITAL FORMATION			
Fiscal Year	Net Income	Prior Period Retained Earnings	Growth Rate
SFY99*	\$ 2,034,790	\$ 5,203,473	39%
SFY00	\$ 2,887,476	\$ 6,475,852	45%
SFY01	\$ 2,988,420	\$ 9,363,328	32%

Source: SFY99-01 Idaho CWSRF Annual Reports, NIMS data

* SFY99 net income does not include the loss from early extinguishment of loans receivable.

Underwriting

DEQ routinely reviews each loan application, considering: 1) the scope of the project and its related funding needs and sources, 2) the applicant's existing user charge system, including new revenue requirements due to proposed projects and debt service, and 3) the ability of the applicant's user population to afford higher user charges. It should be noted that in some extreme situations where a threat to public health outweighs consideration of #3, community leaders may have resort to the "ordinary and necessary" route provided under Idaho State law to bypass the bond election process, if the election fails. In the "ordinary and necessary" procedure a local judge reviews the debt requirement in light of the public health issue and can order members of a community to pay higher rates. There have been no loan defaults in the CWSRF to date.

Review of Project Management Practices

The Clean Water Act and the CWSRF program regulations also contain a series of requirements that address how Clean Water State Revolving Fund programs are to manage projects that receive loans and how those projects are to be planned and constructed. Our review of those aspects of the Idaho CWSRF program for SFY00 and SFY01 are discussed in this section of the Program Evaluation Report.

Field Inspections and File Review

During the on-site review, project files for the Coeur d'Alene compost facility (1892-07), Dietrich POTW upgrade (1895-05), Driggs POTW improvements (1896-07), Hayden POTW Collectors (1895-03), Kuna POTW upgrade (1894-02), and Rexburg POTW improvements (1892-05) were reviewed. In addition to observations noted later in this report, the following is a brief summary of the file reviews for these projects.

City of Coeur d'Alene, 1892-07

On January 6, 1993, the City of Coeur d'Alene received a loan of \$500,000 at 4% interest for a 20-year term to complete Phase III of a compost facility. This loan was added to a previous loan of \$5,200,000 for other phases of the same facility. The project involved upgrading compost processing equipment, and additional bulking agent storage.

Bid advertisements soliciting engineering and later construction work for this project were published weekly in the *Coeur d'Alene Press* during July and October of 1993 and again during February and August of 1994. The prime contractor who ultimately won the bid submitted a letter detailing the steps taken to fulfill the six affirmative steps related to MBE/WBE and the problems/limitations encountered that caused low MBE participation. On April 6, 1994, a letter was sent to the project manager indicating that, "Approval of this contract is conditioned upon our receipt of executed subagreements/purchase orders between the prime contractor and MBE/WBE firms within 15 days of the prime contract execution." DEQ's oversight and documentation of the bid review process was exemplary!

Six interim project inspections by DEQ occurred during the spring of 1994 and were noted in the file. DEQ's final inspection took place on July 11, 1994 and the final facility certification – certification of one year of operation of treatment facilities, was received on August 25, 1995.

Reviewing a sampling of requests for reimbursement appeared to show adequate documentation in the form of invoices adding up to the total amounts of reimbursement requested from the loan fund.

However, there appears to have been some confusion, and even potential for misdirection of repayment funds, involving the repayment letters. As a courtesy, DEQ sends out a letter to each borrower reminding them of an upcoming repayment. The main loan (with which this smaller loan was combined) went into repayment status in late 1995, with the first payment due that December. According to DEQ financial records, the repayments have continued at regular six-month intervals to present. However, the reminder letters, whether or not they were required, do not appear to have kept the same schedule. After the first letter in November 1995, the next letter was issued on schedule in May 1996. But the following reminder letter doesn't appear to have been sent until two years later, in May 1998.

In 1998, DEQ began using an Electronic Funds Transfer (EFT) process to receive loan repayments from borrowers. The reminder letter sent to Coeur d'Alene in November 1998 instructed the borrower how to follow the new process. Initially, the financial institution used for the EFTs was the First Security Bank, and a 10-digit account number #5130000234 was to be used, along with other routing information. Late in calendar year 2000, or in 2001, a different financial institution was chosen, that being Wells Fargo Bank. During the changeover between institutions, it appears that either the incorrect bank name or account number was used in the reminder letter. The reminder letter to Coeur d'Alene in November 2000 instructed the borrower to transmit the funds to the First Security Bank, but to account #5130002354 (which is the Wells Fargo Bank account number). The next reminder letter, in May 2001, instructed the borrower to transmit the repayment funds to Wells Fargo Bank using the correct account number, #5130002354. It is hoped that no repayment funds were misdirected or delayed as a result of this apparent oversight.

This project is one of the projects submitted by DEQ as having fulfilled the equivalency requirements specified in Title II of the Clean Water Act. All necessary procedures were taken and documentation present; therefore, the project will count for equivalency.

City of Dietrich, 1895-05

Dietrich is a small, rural community that had never had a public wastewater disposal system. Individuals had developed their own wastewater disposal strategies resulting in a legacy of cesspools, open drainage ditches, sewage dumped down bore holes, failing drain fields, and some newer septic tank/drain field systems. Health officials helped the Dietrich school find a temporary disposal method for its sewage, which formerly drained away in an open ditch, on the condition that a permanent solution to the sewage problem would be developed. That action heightened community awareness of environmental health hazards posed by unsanitary wastewater disposal practices in the town.

A committee had been organized to find a way to install a community wide, public wastewater disposal system. On August 28, 1997, the City of Dietrich received a \$100,000 loan for 20 years at 4.5% interest for the design and construction of a gravity collection facility, transmission lines, facultative lagoons, chlorination and land application facilities. Service lines to individual households were to be installed, eliminating unsafe septic systems throughout the community and protecting the Eastern Snake River Plain Sole Source Aquifer, a primary drinking water resource for Dietrich and surrounding areas.

This project was unique in that it was Idaho's first Small Towns Environment Program (STEP) project. The STEP format was developed at the Rensselaerville Institute in Rensselaerville, New York in an attempt to lessen the cost of constructing new wastewater collection, treatment, and discharge systems for small, rural communities. The city of Dietrich developed an approach to the construction of portions of its wastewater facilities that included the use of volunteers and City employees. As such, a series of five public meetings took place from April 1994-November 1995 and the sign in sheets for the meetings showed that they were well attended.

A facility plan was submitted to DEQ in October 1995. Only one major change was made based on DEQ's recommendation, that the lagoon size be increased and land necessary for land application enlarged based on an increased expected flow from the school. The final draft was submitted and approved by DEQ in January 1996. The Plans and Specifications were approved by DEQ on August 15, 1997.

This project is one of the projects submitted by DEQ as having fulfilled equivalency requirements. The project had not yet been completed when EPA conducted the file review of this project. All necessary procedures were taken and documentation present except the one-year certification. Once the one-year certification is submitted and a copy sent to EPA this project will count for equivalency.

City of Driggs, 1896-07

On August 18, 1998, the City of Driggs received a loan for \$1,150,000 to help pay for the costs of designing and constructing improvements to the Driggs wastewater treatment plant, and adding an interceptor line to receive wastewater from the neighboring city of Victor. The loan was offered at 4.5% for 20 years.

After a failed bond election in the summer of 1997, Driggs used "ordinary and necessary" authority available under Idaho law. The City attorney asked a Teton County District Court judge to issue a Judicial Confirmation affirming that the project must go forward, and that the increased costs to residents are both ordinary (as opposed to extraordinary) and necessary. A judge issued such a ruling on March 4, 1998, allowing the city to receive the loan and proceed with the project.

This project considered a unique form of effluent disposal, "Snowfluent™," in addition to traditional land application and rapid infiltration options. "Snowfluent™" is a method of basically making snow out of the wastewater flows during period of time when the air temperature is below 28F. This process has been used in relatively few years, but has been found to work well in the right climatic conditions and can be used in conjunction with direct land application on the same piece of ground.

In “Snowfluent™” the effluent is pressurized to one of several elevated nozzles where it mixes with compressed air and is blown out into the cold air. The rapid freezing and the air turning to ice crystals separates the solids in the wastewater flows and kills organisms found in the wastewater effluent.

There were only two reimbursement requests from Driggs for this loan. The first request for \$1,092,500 covered a period from September 1998 to October 1999 and was submitted to DEQ on October 25, 1999. The length of elapsed time before the first reimbursement request is a bit perplexing. Granted, it is up to each individual borrower to determine the frequency at which they would like to receive their loan funds. However, the supporting invoices indicate that the borrower received requests from the project contractor basically on a monthly basis during the period. The borrower elected to pay for these invoices with interim financing, again a fairly common practice that is clearly allowable and at the discretion of the borrower. The intent of the CWSRF program, however, is to provide financing for projects in such a way that reliance on interim financing is not necessary, once a loan is signed. Even if the intent here was to delay assessment of interest charges on the loan (IDEQ begins charging interest from the date of the first disbursement), it would seem that this rate would be lower than any rate charged for interim financing. For Driggs to simply “forward” the monthly invoices from its contractor along to DEQ in the form of a reimbursement request would seem to better meet the intent of the CWSRF program.

This project is one of the projects submitted by DEQ as having fulfilled equivalency requirements. Discussed in further detail in the environmental review section, this project did not meet the requirements outlined in IDAPA 58.01.12.041.03(b) and Idaho Code 60-109. Additionally, there was not a signed copy of the “Sworn Statement of Compliance with Small, Women, and Minority Business Utilization Requirements,” certification regarding lobbying activities, signed noncollusion affidavit, or signed copy of Form 4700-4. Therefore, this project can **not** count towards meeting the equivalency requirement.

City of Hayden, 1895-03

On March 22, 1996, the City of Hayden received a \$598,126 loan for 20 years at 4.5% interest. This project involved extending sewer interceptor and collector lines within the City of Hayden to eliminate the use of septic tanks over the Rathdrum Prairie Sole Source Aquifer for those dwellings served by the collectors (sewer lines within the boundaries of the Local Improvement District #1995-1).

Several facility plan drafts and addendums were submitted to DEQ from July 1995-March 1997. DEQ did an excellent job specifying for the community what costs would be CWSRF eligible and which would not. The Plans and Specifications were approved by DEQ during the spring of 1996 after several of DEQ’s comments had been incorporated. DEQ did an excellent job documenting the bid review process! One additional piece, the Operation and Maintenance Manual, was approved during the fall of 1996.

Interim inspections were conducted by DEQ on July 18 and August 22 of 1996 and were noted in the file. DEQ’s final inspection took place on November 5, 1996 and the 1997 LID City of Hayden Phase III Sewer Collection System – Performance Study was received by the DEQ

Coeur d'Alene Regional Office on September 10, 2001. Finally, the Wastewater facilities loan account affirmative project performance certification was signed on May 21, 2003.

This project is one of the projects submitted by DEQ as having fulfilled the equivalency requirements specified in Title II of the Clean Water Act. All necessary procedures were taken and documentation present; therefore, the project will count for equivalency.

City of Kuna, 1894-02

On May 3, 1995, the City of Kuna used “ordinary and necessary” authority available under Idaho State law to sign a CWSRF loan for \$492,500. In order to obtain the loan from DEQ, the applicant first obtained a confirmation by a judge that the project was ordinary and necessary [Findings of Fact, Conclusion of Law and Judgment signed by the judge on 2/27/95]. Second, a recognized bond counsel gave an unqualified opinion attesting the same [Unqualified opinion of bond counsel supplied by the firm of Moore and McFadden 3/15/95]. And third, an informal opinion was obtained from the State’s Attorney General’s office concurring [Nora Fuentes, Deputy Attorney General concurred 4/10/95]. The CWSRF loan was to supplement a CDBG grant already awarded to replace the wastewater interceptor line and pumping station. The loan was offered at 4.5% for 20 years.

Neither the facility plan nor the Plans and Specifications (P&S) were located in the files for EPA to review. A copy of the facility plan and the P&S should **always** be available when EPA reviews a file. Several letters and memos spoke to the extensive comments and guidance IDEQ provided the community and engineers who prepared the facility plan and P&S, and IDEQ’s ultimate approval of these documents.

Five interim project inspections by DEQ occurred between December 1995 and July 1996 and were noted in the file. During this time, only the January 25, 1996 inspection found a problem, which was quickly addressed. Project Officer Certification was provided on April 28, 1997.

This project is one of the projects submitted by DEQ as having fulfilled equivalency requirements. Without a Facilities Plan or Plans and Specifications, this project can **not** be counted for equivalency.

City of Rexburg, 1892-05

On April 19, 1993, the City of Rexburg received a loan of \$5,000,000 at 4% interest for a 15 year term to upgrade the city’s wastewater treatment facility from a lagoon system to an oxidation ditch activated sludge treatment plant, as well as to correct severe collection system I&I problems. The plant had been operating under a December 14, 1990 EPA Consent Order because it was not meeting the requirements of its NPDES permit. In April 1992, the combination of water being unexpectedly diverted by canal/irrigation companies from the Teton River (into which effluent was being discharged), and the failure to quickly stop that discharge resulted in a major fish kill.

The bid advertisement for this project was published in the *Rexburg Standard Journal* on February 18 and March 4, 1993. There were three bids submitted for the project, and the prime contractor selected was Spindler Construction with a bid of \$5,447,500. During construction

there were a total of 18 change orders, resulting in a net project cost increase of \$30,000. Spindler Construction indicated in its bid documents that two of its subcontractors for this project were MBE/WBE eligible, and would be contracting for more than \$60,000 worth of work.

Interim project inspections by DEQ were noted in the file. After project completion and initiation of operations, the project certification inspection was completed on February 15, 1995.

It is interesting to note that the Rexburg loan application indicates that their only alternative to taking on a 15-year loan at 4% from the CWSRF would have been to go the bond market for a 30-year loan at 6 to 7%. Even with the longer term, such a loan (at 6.5%) would have cost the community \$4.8 million more in interest charges (\$6.4 million compared to \$1.6 million) over the full term. In addition, the longer term would have at best cut into, or more likely exceeded, the design life of the very treatment plant that the loan was financing.

This project is one of the projects submitted by DEQ as having fulfilled equivalency requirements. All necessary procedures were taken and documentation present. Therefore, the project will count for equivalency.

Environmental Reviews, 40 CFR 35.3140

During SFY00 public notices were developed and environmental documents were reviewed by the State for projects in the municipalities of North Lake Sewer District, Twin Falls and Moscow. Findings of No Significant Impact (FONSI) were issued for projects in Twin Falls and Moscow while North Lake Sewer District qualified for a Categorical Exclusion.

During SFY01 public notices were developed and environmental documents were reviewed by the State for projects in the municipalities of Payette, Kimberly, Boise, South Fork of the Coeur d'Alene River Sewer District, and Pocatello. Categorical Exclusions were given to Payette, Kimberly, Boise, and the South Fork of the Coeur d'Alene River Sewer District. Pocatello's previous FONSI was deemed adequate.

One of EPA's file review responsibilities is to ensure adherence to all applicable Environmental Cross-Cutters. The results of that inquiry follow. For the Coeur d'Alene project, an Environmental Assessment (EA) was prepared on October 1, 1987 for the design and construction of upgrading and expansion of the existing wastewater treatment system, including a second sludge belt filter press (EPA Project No. C-16-0300/06) and construction of a sludge handling compost facility (EPA Project No. C-16-0358/01). The EA addressed all the applicable environmental cross-cutters and on August 29, 1988 the US EPA published a FONSI. This loan was to be used for minor changes/improvements to the existing system that had already been issued a FONSI, therefore, a categorical exclusion was issued upon submission of the loan application.

An environmental information document (EID) was prepared for the project in Dietrich and submitted to other State and Federal agencies such as the Idaho State Historical Society, U.S. Fish and Wildlife, U.S. Army Corps of Engineers, etc. during August 1995. In response to the Idaho State Historical Society comments, an archeologist was engaged to inspect the area of the project during the spring of 1996 and issued a report stating, "no archeological ruins (materials) were discovered." On August 8, 1996 the State Archeologist sent a letter based on this report stating, "construction can therefore proceed with no further review from our office." The EID

addressed all the applicable environmental cross-cutters and a FONSI was therefore issued on September 18, 1996. As there is no expected discharge from this project there is no need for an NPDES permit, only an IDEQ land application permit.

A FONSI was issued jointly by DEQ and the Idaho Department of Commerce for the Victor/Driggs wastewater upgrade based on a careful review of the Environmental Information Document (EID) prepared by the East-Central Idaho Planning and Development Association, Inc. The FONSI was published three times in the *Teton Valley News* during July 9, 16, and 23, 1998. No public comments were received. Though a thorough environmental evaluation was completed and all applicable environmental cross-cutters were addressed, the procedural requirements specified under Idaho Code 60-109 were not met. Idaho Code 60-109 Publication of Notices –Number of Publications Required states,

“Whenever a law of this state requires publication of any notice or proceeding, said requirement shall be satisfied by publishing the same once each calendar week on the same day of each week for the number of times equal to the number of weeks mentioned in the requirement in any regular issue of a newspaper published on one or more days each week; or when a specified number of days is required, a ten (10) days’ notice shall be satisfied by two (2) such weekly publications, a twenty (20) days’ notice by three (3) such publications, and a thirty (30) days’ notice by five (5) such publications.”

Three notices of a public hearing concerning the FONSI issued on the Driggs project were published from July 9-23, 1998 in the *Teton Valley News*. Required under IDAPA 58.01.12.042.03(b) all projects receiving a draft FONSI are subject to a thirty (30) day public comment period. Idaho Code §60-109 clearly states that this requirement is met through five, not three, publications of the notice of a public hearing.

A thorough and complete EID was prepared for the project in Hayden and submitted to other State and Federal agencies such as the U.S. Fish and Wildlife, State Historic Preservation Officer, Idaho Fish and Game, etc. during August 1995. In response to Idaho Fish and Game concerns on impacts to trout and freshwater biota, EPA performed calculations showing that ammonia would not be discharged at toxic levels and the NPDES permit included limitations on total chlorine residual that may be discharged and required toxicity testing of the effluent using bio-monitoring techniques. The EID addressed all the applicable environmental cross-cutters and a FONSI was therefore issued on October 2, 1995.

The Environmental Assessment for The Rexburg project was public noticed in the *Rexburg Standard Journal* on March 16, 23, and 30, and April 6 and 13, 1993. The EA addressed all the applicable environmental cross-cutters and a FONSI was issued on April 17, 1993. While the Facility Plan noted that the project lies within a 100-year floodplain, there were no viable alternatives.

MBE/WBE Commitment and Reporting, 40 CFR 35.3145(d)

Idaho submitted EPA Forms 5700-52A, *MBE/WBE Utilization under Federal Grants, Cooperative Agreements and Other Federal Assistance*, for those projects undergoing procurement activity as follow:¹⁰

Table 13: EPA Forms 5700-52 Submitted

TABLE 13: EPA FORMS 5700-52 SUBMITTED						
Federal Period	Dollar Amount of MBE Activity	% of MBE Activity	Dollar Amount of WBE Activity	% of WBE Activity	Dollar Amount of Procurement	Date Submitted to EPA
4Q FY99	\$154,620.14	10.20%	\$5,000.00	0.33%	\$1,515,940.34	October 27, 1999
1Q FY00	\$0.00	0.00%	\$4,130.00	0.55%	\$747,557.78	February 1, 2000
2Q FY00	\$219,366.00	64.70%	\$10,000.00	2.95%	\$339,050.94	May 3, 2000
3Q FY00	\$0.00	0.00%	\$20,000.00	5.60%	\$356,979.12	July 31, 2000
TOTAL	\$373,986.14	12.64%	\$39,130.00	1.32%	\$2,959,528.18	
4Q FY00	\$0.00	0.00%	\$5,000.00	1.88%	\$265,838.00	November 1, 2000
1Q FY01	\$146,478.00	14.80%	\$110,155.00	11.13%	\$989,584.00	February 1, 2001
2Q FY01	\$51,876.00	13.51%	\$0.00	0.00%	\$383,984.00	April 30, 2001
3Q FY01	\$0.00	0.00%	\$386,255.00	100.00%	\$386,255.00	August 2, 2001
TOTAL	\$198,354.00	9.79%	\$501,410.00	24.75%	\$2,025,661.00	

MBE/WBE percentage goals are negotiated annually and identified in each capitalization grant. They are based on “equivalency funds,” which (for purposes of this analysis in the post-equivalency period) is an amount equal to the capitalization grants. The negotiated goals for minority business enterprise (MBE) utilization during FY00 and FY01 were .8% construction, .3% supplies, .5% services and .2% equipment. The women’s business enterprise (WBE) utilization goals for the same period were .8% construction, .4% supplies, 1.3% services, and 1.1% equipment. Based on the quarterly reports submitted, EPA is unable to ascertain which MBE and WBE goals Idaho may have met, if any, for the fiscal year. Future quarterly reports must show the procurement activity in the construction, supplies, services, **and** equipment categories as well as between MBE and WBE.

Attachment II has calculations concerning the CWSRF’s historical MBE/WBE progress and goals, as of the end of the fiscal year, for each capitalization grant in accordance with program guidance. A synopsis appears below:¹¹

¹⁰ Source: EPA Forms 5700-52A

¹¹ Source: EPA Forms 5700-52A

Table 14: MBE/WBE Achievements

TABLE 14: MBE/WBE ACHIEVEMENTS								
Year	Cap. Grant Amount	MBE Awards	MBE %	MBE Goal	WBE Awards	WBE %	WBE Goal	Overall %
FY89	\$ 4,577,200	\$ 418,125	9.13%	9%	\$ 333,299	7.28%	3%	16.42%
FY90	\$ 4,738,000	\$ 496,036	10.47%	9%	\$ 808,747	17.07%	3%	27.54%
FY91	\$ 10,343,215	\$ 883,004	8.54%	9%	\$ 3,154,427	30.50%	3%	39.03%
FY92	\$ 9,534,900	\$ -	0.00%	9%	\$ 514,711	5.40%	3%	5.40%
FY93	\$ 9,431,000	\$ -	0.00%	9%	\$ 120,223	1.27%	3%	1.27%
FY94	\$ 5,813,800	\$ 289,051	4.97%	9%	\$ 309,200	5.32%	3%	10.29%
FY95	\$ 6,007,800	\$ 30,861	0.51%	9%	\$ 133,420	2.22%	3%	2.73%
FY96	\$ 6,318,400	\$ -	0.00%	9%	\$ 55,000	0.87%	3%	0.87%
FY97	\$ 6,576,800	\$ 51,876	0.79%	9%	\$ 13,418	0.20%	3%	0.99%
FY98	\$ 6,577,300	\$ 1,981,205	30.12%	1%	\$ 386,255	5.87%	3%	35.99%
FY99	\$ 6,577,900	\$ 146,478	2.23%	0.3%	\$ 110,155	1.67%	0.9%	3.90%
FY00	\$ 6,555,200	\$ -	0.00%	0.5%	\$ -	0.00%	0.9%	0.00%
Totals	\$ 83,051,515	\$ 4,296,636	5.17%		\$ 5,938,855	7.15%		12.32%
Goals (weighted)		\$ 5,729,170	6.90%		\$ 2,202,941	2.65%		6.78%
Relationship to Goals		\$ (1,432,534)	-1.72%		\$ 3,735,914	4.50%		

The State has fallen short of its MBE goal (by 1.72% or \$1,432,534) and exceeded its WBE goal (by 4.5% or \$3,735,914) based on capitalization grants FY89 through FY00 rather than procurement activity limited to the State Fiscal Year. At the end of the fiscal year, procurement activities still remained for projects listed under the FY99-FY00 awards. For all State programs receiving EPA funds from FY89 through FY95, MBE/WBE fair share goals were negotiated as one non-program specific overall State goal. For example, the CWSRF did not meet the MBE goal of 9% from FY91-FY95 while the State as a whole met its overall 9% goal every single year. Since FY95, MBE/WBE goals have been negotiated directly with the Idaho CWSRF program. With the exception of the MBE goals for the FY89 and FY90 grants, the program was unable to meet its MBE goals until FY98. The program has met its WBE goals most years, except in FY93 and from FY95-FY97.

Due to the Supreme Court's decision in Adarand Constructors, Inc. vs Pena, 115 S CT 2097 (1995), revised guidance from EPA's Small, Minority, and Women's Business Enterprises was issued in June of 1997 requiring assessments of the availability of qualified MBE/WBE firms in its relevant geographical market. As previously mentioned, the goals of the program have since been significantly reduced and disaggregated into construction, supplies, services, and equipment sectors.

The CWSRF program staff in Idaho does an excellent job of informing, promoting, reviewing, and documenting how both the state and CWSRF loan recipients follow the six affirmative steps of MBE/WBE utilization as defined in EPA's guidance.

One of EPA's file review responsibilities is to ensure adherence to all applicable Socio-Economic Cross-Cutters, including MBE/WBE/SBRA requirements. The results of that inquiry follow. For the Coeur d'Alene project, the prime contractor who ultimately won the bid submitted a letter detailing the steps taken to fulfill the six affirmative steps related to MBE/WBE and the problems/limitations encountered that caused low MBE participation. On April 6, 1994, a letter was sent to the project manager indicating that, "Approval of this contract

is conditioned upon our receipt of executed subagreements/purchase orders between the prime contractor and MBE/WBE firms within 15 days of the prime contract execution.” All applicable certificates were signed and present in the file. The file was well documented for all MBE/WBE matters related to the winning bid, including a comparison of all bids received. The Coeur d’Alene project is a model of MBE/WBE oversight!!

The entire standard DEQ P&S insert covering all Socio-Economic Cross-Cutters was contained in the Dietrich P&S that went out for bid. On May 28, 2003 a fax was received indicating that, “There were no firms listed that had heavy equipment rental – SIC Code 7353. There was only one firm listed for equipment rental – SIC Code 7359. That firm, Traffic Products and Services, is in Boise which made it impractical for Dietrich to rent from them,” thus fulfilling the community’s MBE/WBE requirement.

The Driggs/Victor loan agreement, Page 3, Section IIIE indicated how both the loan recipient and contractors could comply with the MBE/WBE requirements. The five affirmative steps were clearly listed on Page VI-32 (97) of the P&S. However, no copy of the “Sworn Statement of Compliance with Small, Women, and Minority Business Utilization Requirements” could be found in the file.

The Hayden P&S, Section B-6 indicated how both the loan recipient and contractors could comply with the MBE/WBE requirements, the five affirmative steps, and all applicable certificates for signature. The Idaho Project Officer conducted a thorough bid review and did a great job of documenting this process!

The Kuna P&S, Attachment B indicated how both the loan recipient and contractors could comply with the MBE/WBE requirements, the five affirmative steps, and all applicable certificates for signature. A signed copy of the “Sworn Statement of Compliance with Small, Women, and Minority Business Utilization Requirements” was also contained in the file.

The Rexburg P&S, Attachment B certified that the prime contractor would comply with the MBE/WBE requirements, and contained a list of subcontractors that were either MBE or WBE.

Other Federal Authorities, 40 CFR 35.3145(a)

Until September 30, 1994 the Clean Water Act, at §602(b)(6), required that publicly owned treatment works projects receiving assistance from the CWSRF comply with a suite of 16 provisions established in Title II of the Act. These requirements have been called the “equivalency requirements.” EPA’s oversight protocol requires that we verify that projects subject to them have, indeed, complied with them. The way in which EPA meets this oversight obligation is through periodic reviews of the project files maintained by DEQ. As of this writing, EPA has only reviewed a limited number of project files and can’t yet make a determination as to whether DEQ has satisfied its full compliance obligation under the Clean Water Act. As part of its continuing oversight, EPA will examine additional project files each annual review to verify that the DEQ program has applied the Title II provisions to enough projects to meet its obligations under §602(b)(6) of the Clean Water Act.

Idaho’s practice historically has been to require that all CWSRF projects meet each of the 16 specific statutory requirements in Section §602(b)(6) of the Clean Water Act. Each CWSRF loan agreement has included language agreeing to comply with the 16 Title II requirements of the CWSRF program as well as federal cross-cutting requirements. Compliance with the

appropriate Title II and cross-cutting requirements is a check list item monitored by regional project engineers. All projects assisted with funds made directly available by the capitalization grants must comply with cross-cutters. A discussion of environmental cross-cutters and MBE/WBE are found elsewhere in this report.

For the remaining cross-cutters, a review of the Coeur d'Alene, Dietrich, Hayden, and Rexburg files found all applicable Equal Employment Opportunity (EEO) language within the documents, all Socio-Economic cross-cutting requirements met, and all signed certifications present except for Form 4700-4. DEQ used a bid review checklist to verify compliance with applicable administrative cross-cutting federal authorities.

The Driggs file contained most of the required cross-cutter documentation. However, there was no signed certification regarding lobbying activities, signed noncollusion affidavit, or signed copy of Form 4700-4. EPA does not understand why these forms were not located in the file, given that the file contained a DEQ bid review checklist which verified compliance with all applicable administrative cross-cutting federal authorities, including the forms that could not be found.

Though the P&S were not available for the Kuna project, all applicable EEO language was checked during the bid review process and all signed certifications were present except for Form 4700-4. The Kuna file also contained a memo written by Suihkonen, P.E. detailing the project's efforts to comply with the Socio-Economic cross-cutters and Title II Requirement. The project went out to bid twice, and noted "None of the bidders submitted the required certification and after discussion with the City Attorney, Mr. Bob Montgomery, all bids were declared nonresponsive and were returned with bid amounts undisclosed."

Recipient Accounting, 40 CFR 35.3135(i)

Loan recipients are required to submit annual financial audits of their programs to the Idaho State Legislative Services Office. Although this is not an express condition in the current loan agreement, the submitted audit reports are thus available for review by DEQ staff.

Eligible Activities, 40 CFR 35.3115, 3120 and 3125

To date, the CWSRF has provided low-interest loans to public entities for the construction of publicly owned treatment works. Although the Clean Water Act allows loans to be made for projects that implement the state's nonpoint source water pollution control strategy, until now, Idaho had not yet expanded its program to include such loans.

Nonpoint source water pollution is a substantial contributor to the state's water quality problems. Addressing nonpoint source water pollution will be a major component of the watershed restoration strategies being developed to deal with streams that are currently "listed" under §303(d) of the Clean Water Act. Though Idaho's Clean Water State Revolving Fund does not yet make loans for nonpoint source water quality projects, significant work towards this goal has been accomplished by the program during SFY00-01.

During SFY2000 DEQ worked with the legislature to modify the CWSRF enacting legislation. During SFY01 a negotiated rule making with relevant parties, including the Idaho Conservation Commission, Idaho Rural Water, USDA's Rural Development, Idaho's Nonpoint Source Program Coordinator, Environmental Finance Center, City of Boise, etc. occurred to redesign the

CWSRF program. These changes didn't go into effect until too late in the FY02 IUP process and were therefore unable to be used. However, the new eligibility and priority ranking system will be used for FY03 IUP. We commend DEQ on its effort! Extensive guidance and a new solicitation process must still be developed in order to implement these programmatic changes. EPA hopes DEQ continues moving forward towards implementing these changes and that Idaho's first nonpoint source abatement project will be listed on the FY2003 IUP

Intended Use Plan Development, 40 CFR 35.3150

The CWSRF in Idaho had total funds available in excess of \$42 million for SFY00. The FY00 Project Priority List (PPL) listed 81 projects with DEQ dollar estimates for a total amount of \$165,051,100, of which ten projects, totaling \$42,409,561, were anticipated to sign binding commitments. Information in the PPL listed discharge permit numbers, type of project, and expected amounts of assistance. The IUP noted that an amount equal to 4% of the capitalization grant was to be used for administrative assistance. All 81 potential projects listed in the FY00 IUP were Section 212 projects. As can be seen in Table 16 below, during FY00 only three of the anticipated ten projects actually signed loans for a combined total of \$18,450,000. This is the second largest dollar volume signed into loans in a year for the program and EPA would like to congratulate DEQ on the accomplishment. However, it should be realized that this is not a sufficient amount to account for the large amount of funds available due to Boise's early repayment negotiated by the program in FY98.

The CWSRF in Idaho had total funds available in excess of \$47 million for SFY01. The FY01 Project Priority List (PPL) listed 80 projects with DEQ dollar estimates for a total amount of \$157,703,100, of which 13 projects, totaling \$47,705,028, were anticipated to sign binding commitments. As can be seen in Table 16 below, during FY01 six of the anticipated 13 projects signed loans totaling \$13,241,680. Information in the PPL listed discharge permit numbers, type of project, and expected amounts of assistance. The IUP noted that an amount equal to 4% of the capitalization grant was to be used for administrative assistance. All 80 potential projects listed in the FY01 IUP were Section 212 projects. Project priority ranking for actual binding commitments are listed in Table 15 below:¹²

¹² Source: SFY00 Idaho CWSRF IUP & Annual Report; SFY01 Idaho CWSRF IUP & Annual Report

Table 15: CWSRF Project Priority Ranking

TABLE 15: CWSRF PROJECT PRIORITY RANKING – SFY00 & SFY01			
B/C Date	Community	FY00 PPL Ranking (81 Projects)	Signed Loan Amount
October 29, 1999	Twin Falls	#29	\$8,000,000
February 22, 2000	North Lake SD	#21, 22, 23	\$450,000
May 1, 2000	Moscow	#2	\$10,000,000
B/C Date	Community	FY01 PPL Ranking (80 Projects)	Signed Loan Amount
July 29, 2000	Outlet Bay Water/Sewer District	#3	\$2,293,080
October 10, 2000	Kimberly	#52	\$2,000,000
November 6, 2000	Payette	#21	\$1,200,000
November 21, 2000	S. Fork Coeur d'Alene River Sewer District	#1	\$5,600,000
April 10, 2001	Boise	#26	\$1,648,600
4Q SFY01	Twin Falls	Increase to 1898-02	\$500,000

To summarize this table, all but one of the binding commitments signed were located in the top half of the respective PPL. This is a good accomplishment of providing financial assistance to high priority POTW projects, though large cash reserves are now accumulating in the State Treasury without being signed into new loans. The program has negotiated several early repayments over the past few years but these funds have not yet been signed into loans. EPA Region 10's policy, in line with SRF99-05, is to allow a state three years to allocate funds acquired from an early repayment. Idaho must significantly increase the amount of loans signed so as to commit the large cash reserves accumulating in the State Treasury's Office.

Achievement of Goals and Objectives

The State had three long-term and three short-term goals; it claimed accomplishment for all but one. The goals and objectives with EPA comments are listed below:

- A. Long-Term Goal – Protect public health and the waters of the State by offering financial assistance for the construction of wastewater treatment facilities. The CWSRF currently provides funding to local agencies with an interest rate of 4%. The number of loans that the CWSRF has issued over the past eleven years is a good indication that this objective is being met. During the reporting period, eight communities signed binding commitments to either upgrade existing wastewater treatment facilities or build new ones and one community obtained an increase to their existing loan. Six previously CWSRF-funded projects initiated

operations, thereby improving surface and groundwater effected by discharges from these facilities.

- B. Long-Term Goal – Assist local communities as they strive to achieve and maintain compliance with Federal and State water quality standards. Projects identified to receive financial assistance are ranked in accordance with the procedures in DEQ’s regulations. Of a possible 100 points in the rating system, 30 points are given if a project is needed to meet enforceable requirements of the Clean Water Act. Ten points are awarded if there is a threat to special resource waters and five points are awarded if there is a potential water quality impact on the beneficial use of surface or groundwater as identified in State water quality standards. This is a good start, but the new Integrated Planning and Priority Setting System (IPPSS) to be used for the SFY03 IUP is far more water quality driven. EPA is excited to see the projects that will be funded under the new IPPSS.
- C. Long-Term Goal – Administer Idaho’s SRF to ensure its financial integrity viability, and revolving nature in perpetuity. DEQ staff analyzes each applicant’s ability to repay a SRF loan before any loan agreement is executed, providing some assurance that the repayment stream won’t be interrupted. In most cases loans are secured by Revenue Bonds which will be held as collateral for the loan, though covenants giving the CWSRF rights to recover in cases of nonpayment are used in situations where the “ordinary and necessary” provision of the Idaho Constitution has been used. The 4% or 4.5% interest charged on loans is sufficient to ensure the fund’s perpetuity. Some concern remains that no plans or provisions have been made to cover the future administrative costs of running the program once the cumulative 4% of the capitalization grants has been expended or if the capitalization period ends.
- D. Short-Term Goal – Perform all necessary tasks to assure that all loan assistance requested for Federal Fiscal Year 2000 is provided to projects on the list in a timely manner. DEQ staff worked to obtain loan applications from projects that were willing and able to proceed. It is DEQ policy to schedule many pre-application meetings with potential borrowers. While DEQ has signed loan agreements in excess of 120% of its capitalization grants, it has accrued a significant number of dollars through early repayments and principal and interest payments that must also be signed into loans. Failure to do so could jeopardize the timing of future capitalization grants.
- E. Short-Term Goal – Explore opportunities to expand the uses of SRF funds to include funding of non-point source projects. DEQ went through an extensive rule making process with relevant parties to redesign the CWSRF, expand eligible entities, and establish an integrated planning and priority setting system. Under this new system, both point source and nonpoint source projects will be ranked according to the water quality benefits of the projects. The legislature had not adopted the new rules prior to the SFY02 IUP development so these changes will take effect with the SFY03 IUP development.
- F. Short-Term Goal – Address long-term funding for SRF administrative costs when capitalization grants are no longer provided. No action was taken on this goal during SFY01; however, DEQ is looking at several possible alternatives,

including assessing fees and/or funding CWSRF staff with State General Fund dollars.

Changes, 40 CFR 35.3150(c)

During SFY00 and SFY01 significant program changes were made to the Idaho Code and DEQ rules to allow a greater number of eligible applicants, a wider range of project types, varying interest rates, a water quality based integrated planning and priority setting system, and greater coordination with the state's nonpoint source program. EPA thinks each and every one of these changes is a positive move forward for the program and would like to congratulate DEQ's staff on moving forward on these initiatives!

Reporting

Annual Report, 40 CFR 35.3135(j) & 35.3165

EPA received the SFY01 Annual Report on October 10, 2001. The content and information provided were very useful for EPA to understand the activities during the Period and to complete this review. Some suggestions for improvement are:

1. Include a chart or table containing the total amount of money available for binding commitments consisting of all signed loans subtracted from the total of all Capitalization Grants, State Match, Principle Interest and Repayments, and Fund Balance Interest;
2. Numbers or codes should be assigned to projects listed on the IUP and used, for consistency sake, on the annual report for ease of project tracking;
3. Provide the amount of State Match given during the fiscal year and also on a cumulative basis;
4. And provide additional supplemental information when any unusual occurrences, such as the negotiated early repayment from Hailey and the closure of the Helmer Hardship Grant project, take place.

As a result of the Federal Government Performance and Result Act and a year-long joint effort between EPA and the Environmental Council of the States, there will be a set of "environmental indicators" to gauge how Clean Water SRFs are achieving desired environmental progress.

EPA will work with DEQ to assure that these new environmental indicators are reported based upon the best available information and provide accurate and useful results.

Data Management, 40 CFR 35.3130(b)

There are now two elements that comprise Clean Water SRF data management. The first involves project level data that is provided by the State to our office on a quarterly basis. Since DEQ no longer utilizes GICS, EPA is to be provided project level data on a spreadsheet, also done on a quarterly basis. The second element is the annual update of data for NIMS, which was completed by CWSRF staff during the fall of 2001.

Recommendations

The Environmental Protection Agency's (EPA) review also found four subjects where additional action by the Idaho Department of Environmental Quality (DEQ) would be appropriate:

1. Due to the Supreme Court's decision in Adarand Constructors, Inc. vs Pena, 115 S CT 2097 (1995), revised guidance from EPA's Small, Minority, and Women's Business Enterprises was issued requiring assessments of the availability of qualified MBE/WBE firms in its relevant geographical market. As a result, the negotiated goals of the program have been significantly reduced and disaggregated into construction, supplies, services, and equipment sectors for all capitalization grants since 1999. Quarterly MBE/WBE reports submitted to EPA must show the procurement activity in the construction, supplies, services, and/or equipment categories as well as between MBE and WBE. Until that is done EPA is unable to ascertain which MBE and WBE goals Idaho may have met, if any, for the fiscal year.
2. Through SFY01 Idaho had used approximately 93% of the funds available to support the costs of administering the CWSRF. Given current usage rates, the program will fully deplete the 4% administrative allowance used to run the program within a few years. Additionally, current plans still anticipate that federal capitalization grants will end sometime during the next several years. EPA recommends that DEQ determine how administrative costs of the fund will be financed once the 4% administrative allowance is gone, either through full usage or the end of federal capitalization grants.
3. As of June 30, 2001, the CWSRF had \$34,463,348 in unobligated funds with the State Treasury office. In order for the CWSRF to truly revolve as intended, these funds must be obligated to projects rather than earning interest with the State Treasury. Idaho's next Intended Use Plan for the CWSRF should either show how these funds have already been obligated, or contain a plan for committing this large accrued cash reserve.
4. The Operating Agreement negotiated between IDEQ and EPA has been in place since 1989. During SFY00-01 changes were made to the responsible entity's name, program's enabling legislation, and rules governing eligibility, definitions, and priority ranking structure. The Operating Agreement between EPA and DEQ should be updated to reflect these changes.

ATTACHMENT 1

Idaho CWSRF - Schedule of Binding Commitments, Payments and Cash Draws

State	Time Period	Payments	Cum. Payments	Cum. BCs (Required)	Cum. BCs (Actual)	Actual BC by SFY	Cum. (Actual) BC Percent	Total Cum. Payments (Max. Cash Draw)	Cash Draws (Actual) [from IFMS]	Cum. Cash Draws
FFY89	Oct-Dec 88	-	-	-	-		0%	-	-	-
	Jan-Mar 89	-	-	-	-		0%	-	-	-
	Apr-Jun 89	-	-	-	-		0%	-	-	-
	Jul-Sep 89	152,573	152,573	-	183,088	-	0%	152,573	-	-
FFY90	Oct-Dec 89	1,357,127	1,509,700	-	183,088		0%	1,509,700	-	-
	Jan-Mar 90	3,067,500	4,577,200	-	183,088		0%	4,577,200	-	-
	Apr-Jun 90	-	4,577,200	-	183,088		0%	4,577,200	42,000	42,000
	Jul-Sep 90	-	4,577,200	183,088	4,612,608	9,016,221	3023%	4,577,200	26,612	68,612
FFY91	Oct-Dec 90	1,479,550	6,056,750	1,811,640	5,446,308		361%	6,056,750	17,500	86,112
	Jan-Mar 91	3,195,221	9,251,971	5,492,640	6,265,308		137%	9,251,971	544,047	630,159
	Apr-Jun 91	5,165,248	14,417,219	5,492,640	9,199,309		201%	14,417,219	203,430	833,589
	Jul-Sep 91	473,100	14,890,319	5,492,640	15,450,448	8,257,207	338%	14,890,319	1,893,719	2,727,308
FFY92	Oct-Dec 91	4,768,096	19,658,415	7,268,100	16,358,448		270%	19,658,415	2,670,867	5,398,175
	Jan-Mar 92	-	19,658,415	11,102,365	16,358,448		177%	19,658,415	1,026,699	6,424,874
	Apr-Jun 92	-	19,658,415	17,300,663	17,456,516		121%	19,658,415	1,752,128	8,177,002
	Jul-Sep 92	-	19,658,415	17,868,383	17,837,912	8,362,152	120%	19,658,415	829,362	9,006,364
FFY93	Oct-Dec 92	381,396	20,039,811	23,590,098	17,837,912		91%	20,039,811	697,391	9,703,755
	Jan-Mar 93	2,371,191	22,411,002	23,590,098	18,356,428		93%	22,411,002	778,779	10,482,534
	Apr-Jun 93	-	22,411,002	23,590,098	25,818,668		131%	22,411,002	408,312	10,890,846
	Jul-Sep 93	-	22,411,002	23,590,098	27,263,958	1,536,260	139%	22,411,002	874,505	11,765,351
FFY94	Oct-Dec 93	377,240	22,788,242	24,047,773	27,263,958		136%	22,788,242	2,486,529	14,251,880
	Jan-Mar 94	792,888	23,581,130	26,893,202	27,313,958		122%	23,581,130	1,469,455	15,721,335
	Apr-Jun 94	5,989,425	29,570,555	26,893,202	27,354,928		122%	29,570,555	1,976,122	17,697,457
	Jul-Sep 94	-	29,570,555	26,893,202	27,469,928	15,755,239	123%	29,570,555	1,707,930	19,405,387
FFY95	Oct-Dec 94	3,000,000	32,570,555	27,345,890	27,797,355		122%	32,570,555	558,545	19,963,932
	Jan-Mar 95	3,000,000	35,570,555	28,297,356	28,297,355		120%	35,570,555	172,671	20,136,603
	Apr-Jun 95	3,937,041	39,507,596	35,484,666	43,110,167		146%	39,507,596	665,137	20,801,740
	Jul-Sep 95	4,166,667	43,674,263	35,484,666	43,110,167	15,317,926	146%	43,674,263	23,535	20,825,275
FFY96	Oct-Dec 95	5,954,985	49,629,248	39,084,666	49,910,167		153%	49,629,248	98,294	20,923,569
	Jan-Mar 96	816,667	50,445,915	42,684,666	51,428,093		145%	50,445,915	2,581,061	23,504,630
	Apr-Jun 96	-	50,445,915	47,409,115	58,428,093		148%	50,445,915	6,016,874	29,521,504
	Jul-Sep 96	1,086,069	51,531,984	52,409,116	58,428,093	5,343,586	134%	51,531,984	5,053,645	34,575,149
FFY97	Oct-Dec 96	500,000	52,031,984	59,555,098	62,271,679		125%	52,031,984	4,525,137	39,100,286
	Jan-Mar 97	3,541,666	55,573,650	60,535,098	63,271,679		125%	55,573,650	2,361,938	41,462,224
	Apr-Jun 97	1,190,665	56,764,315	60,535,098	63,771,679		126%	56,764,315	1,286,724	42,748,948
	Jul-Sep 97	263,072	57,027,387	61,838,381	70,108,795	19,002,116	136%	57,027,387	2,501,221	45,250,169
FFY98	Oct-Dec 97	6,313,728	63,341,115	62,438,381	70,108,795		135%	63,341,115	1,727,563	46,977,732
	Jan-Mar 98	-	63,341,115	66,688,380	71,073,795		128%	63,341,115	743,951	47,721,683
	Apr-Jun 98	-	63,341,115	68,117,178	82,773,795		146%	63,341,115	1,034,907	48,756,590
	Jul-Sep 98	5,979,518	69,320,633	68,432,864	85,548,205	7,774,410	150%	69,320,633	826,292	49,582,882
FFY99	Oct-Dec 98	597,782	69,918,415	76,009,338	85,548,205		135%	69,918,415	1,407,639	50,990,521
	Jan-Mar 99	-	69,918,415	76,009,338	90,548,205		143%	69,918,415	1,709,046	52,699,567
	Apr-Jun 99	-	69,918,415	76,009,338	90,548,205		143%	69,918,415	3,750,135	56,449,702
	Jul-Sep 99	263,116	70,181,531	83,184,760	90,811,321	20,743,080	131%	70,181,531	3,379,450	59,829,152
FFY00	Oct-Dec 99	6,314,784	76,496,315	83,902,098	98,811,321		141%	76,496,315	4,469,083	64,298,235
	Jan-Mar 00	-	76,496,315	83,902,098	99,261,321		142%	76,496,315	1,423,492	65,721,727
	Apr-Jun 00	-	76,496,315	83,902,098	109,261,321		156%	76,496,315	2,564,368	68,286,095
	Jul-Sep 00	262,208	76,758,523	84,217,837	111,554,401	13,241,680	159%	76,758,525	986,597	69,272,692
SFY01	Oct-Dec 00	6,292,992	83,051,515	84,217,837	120,354,401		157%	83,051,517	2,206,213	71,478,905
	Jan-Mar 01	-	83,051,515	84,217,837	120,354,401		157%	83,051,517	1,558,281	73,037,186
	Apr-Jun 01	-	83,051,515	84,217,837	122,503,001		160%	83,051,517	3,808,965	76,846,151

ATTACHMENT II
MBE/WBE REPORTS FOR IDAHO CWSRF

FY89 Cap Grant	Loan #	Loan \$	Prime Contractor Contract \$	MBE Sub-Contractor Contract \$	WBE Sub-Contractor Contract \$
Aberdeen	1890-01	\$323,000	\$387,000	\$27,450	\$238,314
Pocatello	1890-02	\$3,917,000	\$3,145,270	\$320,327	\$65,647
Coeurd'Alene	1890-03	\$833,700	\$1,750,100	\$60,493	\$29,339
Boise	1890-04	\$687,458	\$559,774	\$9,855	\$0
FY90 Cap Grant					
Coeurd'Alene STP	1891-01	\$5,200,000	\$3,531,000	\$200,520	\$133,207
Heyburn	1891-02	\$1,363,681	\$738,170	\$125,000	\$613,170
Outlet Bay	1891-03	\$524,000	\$436,406	\$0	\$0
Coeurd'Alene	1891-04	\$819,000	\$1,407,079	\$170,516	\$62,370
FY91 Cap Grant					
Post Falls	1892-01	\$1,381,000	\$1,065,178	\$34,053	\$1,031,125
Bellevue	1892-02	\$1,150,000	\$2,148,123	\$696,694	\$26,877
Blackfoot	1892-03	\$908,000	\$322,066	\$32,000	\$80,470
Hayden	1892-04	\$704,358	\$2,002,100	\$114,845	\$47,493
Rexburg	1892-05	\$5,000,000	\$5,515,300	\$0	\$25,220
Murtaugh	1892-06	\$50,000	\$42,203	\$0	\$0
Coeurd'Alene	1892-07	\$500,000	\$139,351	\$4,853	\$0
Coeurd'Alene	1892-09	\$969,800	\$1,850,323	\$0	\$1,850,323
Ellisport Bay SD	1892-11	\$450,000	\$3,373,888	\$560	\$92,909
FY92 Cap Grant					
Gooding	1893-01	\$1,560,000	\$988,994	\$0	\$0
Rupert	1893-02	\$340,000	\$193,961	\$0	\$0
Council	1893-03	\$500,000	\$520,207	\$0	\$0
Basalt	1893-04	\$94,875	\$166,388	\$0	\$0
Eden	1893-05	\$115,000	\$97,540	\$0	\$0
Boise	1893-06	\$8,300,000	\$6,733,000	\$0	\$514,711
FY93 Cap Grant					
Weiser	1894-01	\$500,000	\$452,866	\$0	\$0
Kuna	1894-02	\$492,500	\$462,330	\$0	\$0
North Lake SD	1894-03	\$5,780,000	\$4,869,630	\$0	\$120,223
McCall	1894-04	\$3,140,850	\$1,171,530	\$0	\$0
FY94 Cap Grant					
Boise (Biosolids)	1895-01	\$6,800,000	\$5,666,000	\$289,051	\$309,200
FY95 Cap Grant					
Boise (Landril)	1895-02	\$7,000,000	\$4,110,565	\$0	\$0
Hayden	1895-03	\$598,126	\$1,482,422	\$30,861	\$133,420
FY96 Cap Grant					
Gooding	1895-04	\$500,000	\$479,117	\$0	\$0
Dietrich	1895-05	\$100,000	\$0	\$0	\$0
Haily	1895-06	\$4,500,000	\$5,093,714	\$0	\$55,000
FY97 Cap Grant					
Parma	1896-01	\$565,000	\$486,062	\$0	\$0
Kalispel Bay SD	1896-02	\$1,474,044	\$402,014	\$0	\$0
Caldwell	1896-03	\$10,000,000	\$10,142,677	\$51,876	\$13,418
FY98 Cap Grant					
North Lake SD	1896-04	\$443,000	\$330,333	\$0	\$0
Fremonty County	1896-05	\$1,700,000	\$1,302,643	\$0	\$0
Victor	1896-06	\$1,250,000	\$1,718,371	\$0	\$0
Driggs	1896-07	\$1,150,000	\$1,336,364	\$0	\$0
Pocatello	1897-01	\$5,000,000	\$4,265,412	\$2,023,275	\$501,182
FY99 Cap Grant					
North Lake SD	1898-01	\$450,000	\$325,935	\$0	\$0
Twin Falls	1898-02	\$800,000	\$6,090,000	\$0	\$0
Moscow	1898-03	\$10,000,000	\$11,778,234	\$146,478	\$110,155
Payette	1898-04	\$1,200,000	\$871,000	\$0	\$0
Kimberly	1898-05	\$2,000,000	\$416,979	\$0	\$0
SFork CDA River	1898-08	\$5,600,000	\$70,023	\$0	\$0
Totals		\$106,734,392	\$100,437,642	\$4,338,707	\$6,053,773